

SENATE BILL 1754

By Gardenhire

AN ACT to amend Tennessee Code Annotated, Title 49,  
Chapter 7; Title 49, Chapter 8 and Title 49,  
Chapter 9, relative to conflicts of interest.

BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF TENNESSEE:

SECTION 1. Tennessee Code Annotated, Section 49-8-203, is amended by deleting subsection (g).

SECTION 2. Tennessee Code Annotated, Section 49-9-207, is amended by deleting the section.

SECTION 3. Tennessee Code Annotated, Title 49, Chapter 7, Part 1, is amended by adding the following as a new section:

(a) As used in this section, unless the context otherwise requires:

(1) "Governing board" includes the board of trustees of the University of Tennessee, the board of regents of the state university and community college system, a local governing board of trustees of a state university, and the governing board of the Tennessee Foreign Language Institute;

(2) "Immediate family member" means a spouse, parent, grandparent, sibling, child, grandchild, parent-in-law, sister-in-law, brother-in-law, daughter-in-law, or son-in-law. "Immediate family member" also includes a family member who is adopted, of half-blood, or a step member; and

(3) "State institution of higher education" means any public postsecondary institution operated by a governing board that offers courses of instruction leading to a certificate or degree.

(b) Governing board members are prohibited from having a financial or beneficial interest in any contract or transaction that involves any state institution of higher education governed by the board. A governing board member is presumed to have a financial or beneficial interest when the member:

(1) Enters into, or is a party to, a contract or transaction with any state institution of higher education governed by the board or when a member of the governing board member's immediate family enters into, or is a party to, a contract or transaction with any state institution of higher education governed by the board. Tuition payments, scholarships, and philanthropic gifts to a state institution of higher education do not constitute a prohibited financial contract or transaction;

(2) Has direct or indirect ownership in an entity that enters into, or is a party to, a contract or transaction with any state institution of higher education governed by the board, other than passive ownership of less than a controlling interest in publicly traded companies; or

(3) Has a position of actual or apparent authority in, or a fiduciary relationship with, an entity entering into a contract or transaction with any state institution of higher education governed by the board, including, but not limited to, a position as an officer, director, partner, or trustee.

(c) A governing board member shall not accept or solicit from any state institution of higher education governed by the board anything of value, tangible or intangible, in excess of two hundred fifty dollars (\$250) per calendar year, except for reasonable reimbursement for travel expenses and other expenses incurred in connection with the performance of the governing board member's official duties. The amount of this limitation shall be adjusted annually on December 31 in accordance with changes in the consumer price index.

(d)

(1) Appointments to a governing board occurring on or after July 1, 2018, for a full term or to fill a vacancy, are subject to the requirements of this subsection (d).

(2) A person shall not serve as a governing board member if an immediate family member is employed by any state institution of higher education governed by the board in an administrative, staff, or faculty position.

(3) The following persons shall not serve as a governing board member:

(A) Employees of any state institution of higher education governed by the board;

(B) Employees of the state or of any agency, department, or other entity of the state;

(C) Members of any state commission or board established pursuant to state law;

(D) Any person serving as an elected federal or state official or an elected county or municipal official in this state; and

(E) Lobbyists, as defined in § 3-6-301.

(3) Except for subdivision (d)(3)(E), this subsection (d) does not apply to the ex officio members of a governing board or to the faculty and student members of a governing board.

(e) A governing board member who violates this section shall be removed from the governing board.

SECTION 4. This act shall take effect July 1, 2018, the public welfare requiring it.